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ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the note by the Secretary-General (A/50/319), which contained a mock-up budget for a single peace-keeping operation submitted in response to General Assembly resolution 49/233 A of 23 December 1994. During its consideration of the note, the Advisory Committee met with the Controller and other representatives of the Secretary-General who provided additional information on the matter.

2. The Advisory Committee also reviewed a working paper submitted by the Secretariat containing the Standard Ratios and Costs Manual which was used in the preparation of the mock-up budget. During its deliberations, the Advisory Committee raised numerous questions and commented extensively on the various aspects of the Manual. The Advisory Committee was informed that the Manual would be revised by the Secretariat to reflect the Advisory Committee's comments and observations. The Advisory Committee trusts that the revision of the Manual will be undertaken expeditiously so that the Committee can review a revised version of the Manual, in the framework of the existing policy, before the end of 1995.

3. The Advisory Committee welcomes the efforts of the Secretary-General to modify and rationalize the format of peace-keeping budgets. The Advisory Committee is of the view that the proposed mock-up budget represents a positive development in this process. In the course of its consideration of the mock-up budget, the Advisory Committee made a number of comments and observations and raised questions; on some of these the Controller provided further clarification in his follow-up note. The Controller's note is reproduced in the annex to the present report.

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4. In an oral statement before the Advisory Committee, the Controller stated that the Secretariat had started preparing budget submissions for peace-keeping operations to be presented for the financial period to start on 1 July 1996 on the basis of the format proposed in the mock-up budget for a single peace-keeping operation. The format would take into account comments, observations and recommendations of the Advisory Committee, as approved by the Fifth Committee of the General Assembly. The Advisory Committee welcomes the Controller's statement, namely, that the dialogue between the Secretariat and the Advisory Committee on the format of budget of peace-keeping operations should continue during the preparation and, especially, review of specific budget submissions for peace-keeping operations.

5. The Advisory Committee's comments in the paragraphs below are intended to assist in the preparation of future peace-keeping budgets and are not an attempt to substitute an alternate mock-up budget for that submitted by the Secretary-General. The Advisory Committee expects that in preparing future budgets for peace-keeping operations, the Secretariat will take into account the comments and observations of the Advisory Committee as well as such further guidance as the Fifth Committee may wish to provide. The Advisory Committee intends to revert to the question of the format of peace-keeping budgets in the context of its analysis of the budgets of specific peace-keeping operations.

6. The Advisory Committee's analysis shows the need to establish and explain the linkage between the political mandate of a mission and its operational requirements. Budget submissions should provide a brief update of the political situation in the mission area and the latest developments which affect the operational plan and resource requirements. The Advisory Committee recalls in this connection that the Secretary-General had intended to include in a mock-up budget for an annual peace-keeping operation budget a separate section to explain the "conversion" of a political mandate into an operational plan, taking into account mission-specific information (see A/49/664, para. 43 (c)). Although this has not been done, the Advisory Committee recommends that this information be included in future budget submissions for peace-keeping operations.

7. Budgets of peace-keeping operations should clearly identify activities that are considered to be essential to the implementation of specific mandates emanating from the Security Council and activities undertaken in support of and in conjunction with the mandated activities; they should also refer to the role of the different departments within the Secretariat and the United Nations system of organizations, agencies and programmes in the implementation and coordination of their related activities in the mission area. Furthermore, the mock-up budget should specify any support to be provided to United Nations peace-keeping operations by regional organizations.

8. The Advisory Committee trusts that the content of future budget submissions for peace-keeping operations will be arranged in a concise and organized manner and that resource requirements will be fully justified, rather than merely described. The Advisory Committee also points out that although the presentation of information in the form of tables and graphs should be encouraged, these should not substitute for written explanations of resource requirements in budget submissions for peace-keeping operations.

9. The mock-up budget did not provide a detailed description of activities financed from voluntary contributions. In this regard, a clear distinction should be made between voluntary contributions which would result in a reduced assessment and contributions for items of expenditure not otherwise budgeted. In this connection, the Advisory Committee reiterates its previous recommendation that "the Secretary-General should develop an improved presentation of voluntary contributions and a description and cost estimates of activities financed from voluntary contributions and other sources" (see A/49/664, para. 46).

10. The mock-up budget should have reflected a comprehensive picture of the cash situation of the mission, including data on unliquidated obligations, the latest data on the status of Member States' contributions and on all borrowing from the peace-keeping reserve fund.

11. Information should have been included on the implementation of the host country agreement, in so far as it relates to the administration of the peace-keeping operation, as required by the General Assembly in section V, paragraph 3, of its resolution 49/233 A. The Advisory Committee is of the view that a mere indication that a status-of-forces agreement has been signed is not sufficient; information should be given on the administrative and financial implications resulting from the agreement.

12. Subject to the decision the General Assembly will take on the question of the transfer of assets, budgets of peace-keeping operations should include detailed information on the number of vehicles and all other equipment to be transferred from the United Nations stock piles and from other peace-keeping operations.

13. The mock-up budget should provide information on budget performance for previous periods and the latest available financial data for the period in progress. In this connection, the Advisory Committee reiterates its view reflected in paragraph 38 of its report in document A/49/664 that:

> "... financial performance data should also be available for at least the first six months of each peace-keeping operation budget; this would be presented to the Committee and the General Assembly before the budget for the next period is considered and should contain a concise analysis of mission implementation as compared to operational plans, information on deployment of various categories of military personnel and civilian staff, identification of areas that are outside the normal operating parameters and standards set by the standard cost manual and any such information which could be helpful in evaluating the development of a peace-keeping operation. Its purpose would be to provide the Committee with the latest information on developments related to the assumptions underlying the current budget and the financial impact so that the Committee could form a reasonable opinion on the assumptions which form the basis for the proposed budget."

The Advisory Committee trusts that the financial data will be structured in such a way as to facilitate comparison with requirements contained in budget submissions.

ANNEX

Administrative and budgetary aspects of the financing of the United Nations peace-keeping operations

Note by the Controller

1. The present note is submitted as clarification to the sections of the mock-up budget contained in document A/50/319 of 1 August 1995. Certain suggestions made by the Advisory Committee during its consideration of this item have been incorporated.

2. The intent of the main body of the report is to provide the General Assembly with the necessary concise information and data with which the Assembly would assure itself that its review and decision-making process for peace-keeping financing was on the basis of full information.

I. INTRODUCTION

3. For a newly established operation, this section would provide summarized information on the circumstances that led to the Security Council's decision for the establishment of the mission, with references to the relevant documentation to the General Assembly and/or the Security Council.

4. For ongoing operations, it would provide a summary of developments in the mission, recommendations of the Secretary-General to the Security Council and decisions of the Security Council covering the period since the submission of the last budget and the present time; the prior action of the General Assembly as regards financing of the operation and the related documentary references.

II. POLITICAL MANDATE

5. This section would state/restate the current political mandate of the operation as decided by the Security Council, with particular reference to changes since the last report.

III. OPERATIONAL PLAN AND REQUIREMENTS

6. The current responsibilities of the mission and the major tasks to be undertaken to implement the political mandate during the budgeted period would be indicated. This section would provide explanation on the operational plan, including the deployment of military personnel and their locations and the locations of logistic bases. Efforts would be made to explain, to the extent possible, the major tasks and the requirements, including the proposed numbers of military and civilian personnel who were needed to fulfil the tasks.

7. Special programmes/requirements such as human rights, humanitarian, mine clearing and cantonment of troops, directly linked to the mandate of the operation, would be explained under this section.

8. In indicating the operational requirements, reference would be made to relevant paragraphs contained in the reports of the Secretary-General to the Security Council as well as the latter's decisions on the deployment of the operation, which would form the basis for the cost estimate.

IV. STATUS OF ASSESSED CONTRIBUTIONS

V. VOLUNTARY CONTRIBUTIONS AND TRUST FUNDS

VI. FINANCIAL ADMINISTRATION

9. These three sections deal with the financial status of the operation. Consideration would be given to alternative presentation of the information contained in tables 1 and 2 so that all relevant data would be found in a single table.

10. Section IV, which deals with the status of assessed contributions, would provide cross-reference to appropriate lines in annex VII.

11. Section V on voluntary contributions to the special account of the operation would be cross-referenced to annex VIII, part A. Voluntary contributions in kind would also be indicated. Information on contributions update to related trust funds, together with a brief description of the purposes for which the trust funds were established, would be provided.

12. Section VI on financial administration would summarize in tabular form total resources made available to the operation since inception, total operating costs and balance of unutilized resources, if any.

VII. COST ESTIMATES FOR THE PERIOD FROM 1 JULY 1995 TO 30 JUNE 1996

13. This section would provide a summary of the cost estimates by sector of expenditure (if appropriate) for the budgeted period in tabular form. Table 4 would be expanded to show the level of resources provided for the prior financial period. This would provide a basis for comparison of the resources for two periods and show known changes in resources at the time of preparation of the cost estimates which were being requested for the new budget period. Explanations for such major changes and other significant new elements in the cost estimates for the budgeted period would be provided. Implementation of the recommendations of the Advisory Committee and of the Fifth Committee which affect the cost estimates would be stated in this section.

VIII. STAFFING REQUIREMENTS

14. Information on the changes in staffing requirements would be indicated under this section with appropriate tables showing changes between the current and proposed staffing establishment and, where appropriate, the manner of their distribution. This section would be supplemented by annex VI, which would provide detailed justification for additional staffing requirements.

IX. STATUS OF REIMBURSEMENT TO TROOP-CONTRIBUTING GOVERNMENTS

15. The troop contributors to the operation would be listed and necessary information provided as regards status of reimbursement for troop costs. This section would be moved so that it followed after current section VI.

X. OBSERVATIONS AND COMMENTS ON PREVIOUS RECOMMENDATIONS OF THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS

16. This section would include those observations and recommendations of a general nature made by the Advisory Committee that had not been specifically addressed in the section on cost estimates.

XI. STATUS-OF-FORCES AGREEMENTS

17. This section would indicate whether or not status-of-forces agreements have been signed by the Governments on whose territories the operation was deployed. This section would be moved so that it followed after the current section VI and current section IX (see para. 15 above).

XII. ACTION TO BE TAKEN BY THE GENERAL ASSEMBLY AT ITS FIFTIETH SESSION

18. This section would set out the action to be taken by the General Assembly at the current session, including amounts to be appropriated or authorized for the operation of the mission, amounts to be assessed and amounts to be credited to Member States against their assessments.

XIII. ANNEXES TO THE REPORT

19. Annex I would be required in cases where the Security Council had made several decisions expanding the mandate of the operation or enlarging/reducing the size of the military strength. If there were only the establishment of the operation with subsequent extensions, this annex would not be required (see also paras. 3 and 4 above).

20. In annex II, cost estimates for the budgeted period, an additional column would be inserted to include the prior amounts approved for the operation. This

would provide a comparison with the cost estimates for the budgeted period. The grouping of the current 21 major line items could be rearranged to take into consideration any agreed recommendation by the Advisory Committee, for example, including civilian personnel costs with miliary personnel costs or leaving civilian personnel costs as a separate item; combining transport, air and naval operations as one item with three or more parts; or combining special programmes under one item with subsections.

21. In section A of annex III, cost parameters, the title would be changed to "Cost parameters: mission specific". The presentation of this table would be modified so that, where appropriate, information on the same item (numbers, quantities and applicable dollar rates) would be shown together instead of in the separate, sequential presentation currently shown in annex III A of the mock-up document.

22. In section B of annex III, variations from standard ratios/costs, would highlight major variations from the standard ratios and would be expanded to reflect major variations from standard costs.

23. Section C of annex III, monthly breakdown of resources, currently provides numbers of personnel and equipment of a recurrent nature as well as the related estimated costs by month on the basis of which the total requirements for the budget period were derived. Instead, with a view to providing a clearer indication of the number of personnel assigned to the operation which determines the resources required to support the operation, the section should provide graphical representation of the deployment of personnel with numeric indications as appropriate. This would facilitate linkage by the reader between changes in the number of personnel and the consequential additional resource requirements arrived at through application of standard ratios and costs.

24. Moreover, when the cost estimates for the mission were at maintenance level, annex III C should only provide the total annual resource requirements and the corresponding monthly cost estimates. Only when, on the basis of known information at budget preparation time, the mission's requirements were expected to fluctuate widely, would resource requirements be presented on a monthly or quarterly basis. Consequently, annex III C would be drastically reduced.

25. In section D of annex III, requirements for non-recurrent costs, in addition to the table, there should be a brief justification of additional requirements and an indication of roll-over of any goods and services included from prior budgeted periods, as well as offsetting requirements resulting from stock transfers from Brindisi or other peace-keeping missions.

26. Section E of annex III, supplemental explanation, would be expanded to provide justification for non-staff items that were not easily explained from the application of standard ratios and/or standard costs.

27. No changes are proposed for the remaining annexes IV-VIII.

28. Finally, it is reiterated that while the Standard Ratios and Costs Manual would provide the primary guiding basis for the preparation of the Secretary-General's budget estimates and performance reports, its application and use

would take full account as well of actual procurement and usage experience and data available, including the particular operating milieu and circumstances of the mission.